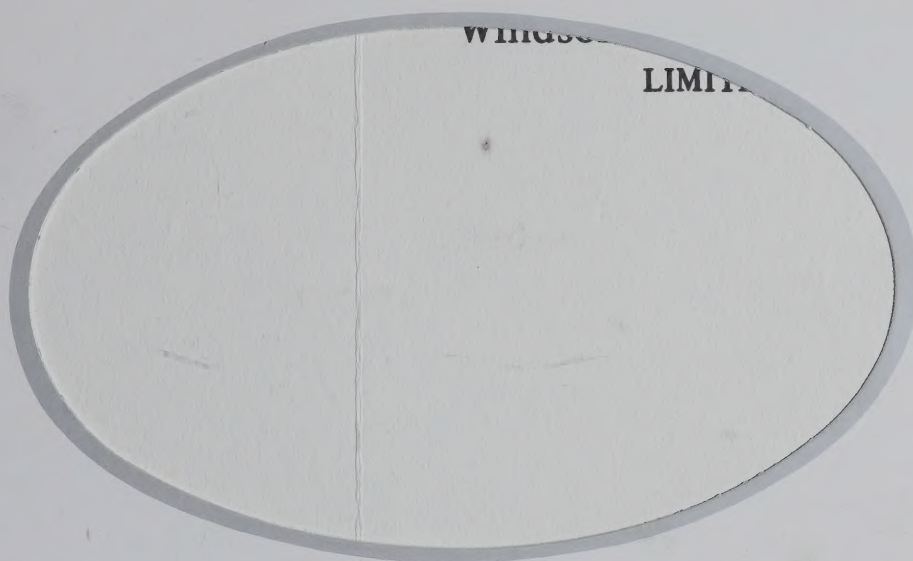


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ANNUAL REPORT 1972

Windsor Raceway Holdings Limited





**Windsor Raceway Holdings
LIMITED**

**INTERIM REPORT
TO SHAREHOLDERS**

**WINDSOR RACEWAY HOLDINGS
LIMITED**

P.O. Box 998

Windsor 14, Ontario

Telephones: (519) 969-8311 Windsor
(313) 961-9545 Detroit

Six months ended June 30, 1972

auditors: CLARKSON, GORDON & CO.

Windsor, Ontario

transfer agents: GUARANTY TRUST COMPANY OF CANADA
NATIONAL BANK OF DETROIT

Toronto, Ontario
Detroit, Michigan

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WINDSOR RACEWAY HOLDINGS LIMITED

INTERIM REPORT TO SHAREHOLDERS

We are pleased to submit unaudited statements of income and source and application of funds for the six months ended June 30, 1972, as compared to the six months ended June 30, 1971. These statements reflect the results of operation for the Winter Standardbred Meet from January to March and the first ten days of the thirty-six day Summer Standardbred Meet.

The six months ended June 30, 1972, show an increase in net income of \$54,977 over the six months ended June 30, 1971.

The first Summer Standardbred Meet was successful both in terms of operations and in racing performance. New Canadian records for both the pace and the trot were set at your track by Albatross (1:56.3) and Fresh Yankee (1:59.2) respectively. During the Summer Meet we had an average daily attendance of 4,772 and average daily pari-mutuel wagering of \$326,563.

The unaudited net income for the month of July, 1972, which includes the results of the last twenty-six racing programs of the Summer Meet was \$53,211 resulting in an unaudited net income for the seven months ending July 31, 1972 of \$304,813.

We are looking forward to another successful Standardbred Meeting this Fall. Racing will begin on November 5 and will run through to December 31, 1972.

On behalf of the Board of Directors

AIME DES ROSIERS
Chairman of the Board

WILLIAM ROWE
President

Windsor
August 15, 1972

WINDSOR RACEWAY HOLDINGS LIMITED

STATEMENT OF INCOME (not audited)

six months ended June 30, 1972
with comparative figures for 1971

REVENUE	1972	1971
Pari-mutuel commissions	\$3,268,032	\$3,409,258
Admissions, Parking, Programs and Restaurant	1,545,267	1,731,619
Interest and Other Income	27,302	95,976
	<u>4,840,601</u>	<u>5,236,853</u>

EXPENSES

Purses	1,382,707	1,615,334
Salaries and Wages	1,195,160	1,346,549
Other Operating Expenses	1,031,482	1,146,284
General and Administrative	464,852	456,962
Depreciation	248,820	257,330
Amortization	20,978	20,069
	<u>4,343,999</u>	<u>4,842,528</u>

INCOME BEFORE INCOME

TAXES	496,602	394,325
INCOME TAXES	245,000	197,700
NET INCOME FOR PERIOD...	<u>\$ 251,602</u>	<u>\$ 196,625</u>

STATEMENT OF SOURCE

AND APPLICATION OF FUNDS (not audited)

six months ended June 30, 1972
with comparative figures for 1971

SOURCE OF FUNDS OPERATIONS

Net Income for Period	\$ 251,602	\$ 196,625
Add Items not requiring an outlay of funds		
Depreciation	248,820	257,330
Amortization	20,978	20,069
	<u>521,400</u>	<u>474,024</u>

APPLICATION OF FUNDS

Fixed Asset Additions (net)	58,041	639,790
Increase in Investment in Subsidiaries	299	2,739
Deferred Tax Provision		1,000
Dividends	104,606	105,000
	<u>162,946</u>	<u>748,529</u>

Increase in working capital for period	<u>\$ 358,454</u>	<u>\$ 274,505</u>
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WINDSOR RACEWAY HOLDINGS LIMITED
Box 998, Windsor, Ontario

directors:	ERNEST G. AYERS RONALD C. BROWN DONALD COYLE AIMÉ DES ROSIERS J. -LOUIS LÉVESQUE PIERRE MERCIER HON. W. EARL ROWE WILLIAM ROWE ROBERT M. SUTHERLAND	Montreal, Quebec Toronto, Ontario Ridgewood, New Jersey Chateauguay, Quebec Montreal, Quebec Montreal, Quebec Bradford, Ontario Bradford, Ontario Toronto, Ontario
officers:	AIMÉ DES ROSIERS WILLIAM ROWE RONALD C. BROWN THOMAS LACHINE	Chairman of the Board President Secretary Controller
solicitors:	BLAKE, CASSELS & GRAYDON McTAGUE, CLARK, HOLLAND, WHITESIDE, COUGHLIN, OUELLETTE & MAILLOUX	Toronto, Ontario Windsor, Ontario
auditors:	CLARKSON, GORDON & CO.	Windsor, Ontario
transfer agents:	GUARANTY TRUST COMPANY OF CANADA NATIONAL BANK OF DETROIT	Toronto, Ontario Detroit, Michigan

REPORT TO THE SHAREHOLDERS

I am pleased to present, on behalf of your Directors, the annual report of your Company along with the financial statements and report of the Auditors for the year ended December 31st, 1972.

The statement of income for the year ended December 31st, 1972, reflects an increase in net income of \$305,772 over the year ended December 31st, 1971. This increase is a direct result of successful Fall and Winter Harness Race Meetings in 1972 and a thirty-six (36) program Summer Harness Race Meeting, which was introduced for the first time at our Windsor track from June 18th through July 30th, 1972.

The Winter 1973 Race Meeting (85 programs), which closed on March 18th, reflects an increase in our market share against Michigan competition and has established a new average pari-mutuel wagering record of \$408,330 with an average daily attendance of 4,938.

We are looking forward to our second successful Summer Harness Race Meeting which will commence June 17th, 1973 and extend through July 31st, 1973.

We express our thanks to all those who, in their various capacities, enabled your Company to improve its competitive position in the racing industry.

On behalf of the Board of Directors

Aimé Des Rosiers
Chairman

April 2, 1973

WINDSOR RACEWAY HOLDINGS LIMITED



ALL-TIME CANADIAN RACE RECORDS SET AT WINDSOR RACEWAY

PACE — 1:56 3/5f

ALBATROSS — S. Dancer

June 23, 1972

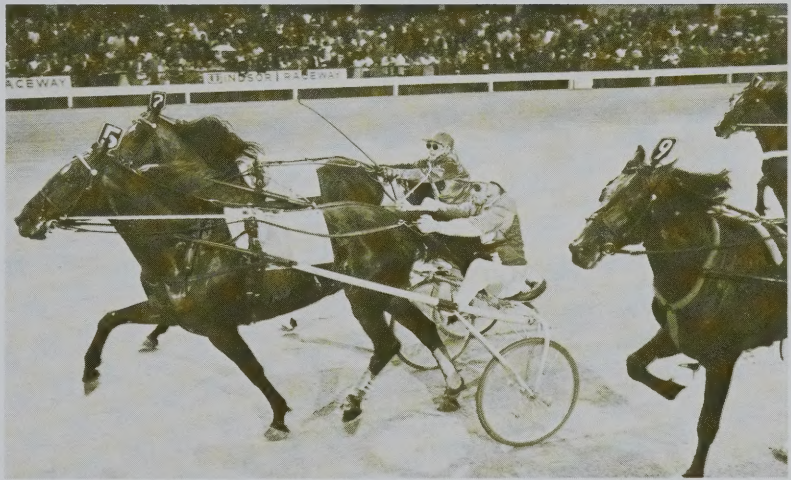
(The Continental Cup)

TROT — 1:59 2/5f

FRESH YANKEE — J. O'Brien

June 25, 1972

(The Tal Wooley Memorial)



HARNESS MEET STATISTICS

	FISCAL YEAR ENDED DECEMBER 31	FISCAL YEAR ENDED DECEMBER 31	TWELVE MONTHS ENDED DECEMBER 31
	<u>1972</u>	<u>1971</u>	<u>1970</u>
Number of racing programs	175	145	161
Total attendance	844,630	664,018	761,647
Average daily attendance	4,826	4,579	4,731
Total pari-mutuel wagering	61,991,404	48,893,242	56,042,863
Average pari-mutuel wagering	354,236	337,195	348,092
Average of wagers per capita	73.40	73.63	73.58

WINDSOR RACEWAY HOLDINGS LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET – DECEMBER 31, 1972

(with comparative figures at December 31, 1971)

ASSETS

	<u>1972</u>	<u>1971</u>
CURRENT ASSETS		
Cash - - - - -	\$1,070,510	\$ 898,158
Deposit certificates - - - - -		300,000
Marketable securities (market value \$971,000) - - - - -	978,530	
Accounts receivable - - - - -	79,068	141,863
Inventories, at lower of cost and replacement cost - - - - -	77,296	74,274
Prepaid expenses - - - - -	229,636	240,695
Income taxes recoverable (note 1) - - - - -	375,315	218,755
Total current assets - - - - -	<u>2,810,355</u>	<u>1,873,745</u>
INVESTMENT IN SUBSIDIARY COMPANIES (note 2)		
Shares, at cost - - - - -	154,591	154,591
Advances - - - - -	27,417	27,118
	<u>182,008</u>	<u>181,709</u>
FIXED ASSETS, at cost		
Buildings and equipment - - - - -	7,318,148	7,181,332
Racing strip - - - - -	920,491	920,491
Landscaping parking lot and access roads - - - - -	811,956	764,340
	9,050,595	8,866,163
Less accumulated depreciation - - - - -	3,320,068	2,878,994
	5,730,527	5,987,169
Land - - - - -	351,840	358,268
	<u>6,082,367</u>	<u>6,345,437</u>
DEFERRED EXPENDITURES, at unamortized cost (note 3) - - - - -	65,237	101,485
	<u>\$9,139,967</u>	<u>\$8,502,376</u>

Approved by the Board:

AIMÉ DES ROSIERS, Director

WILLIAM ROWE, Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	1972	1971
CURRENT LIABILITIES		
Accounts payable and accrued liabilities - - - - -	\$ 947,908	\$ 809,757
Income and other taxes payable - - - - -	555,803	5,246
Current portion of deferred income taxes - - - - -	48,000	39,000
Total current liabilities - - - - -	1,551,711	854,003
DEFERRED INCOME TAXES	1,585,000	1,712,000
Total liabilities - - - - -	3,136,711	2,566,003

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)

Class A		
Authorized and issued 350,000 shares of U.S. \$9 par value each - - - - -	3,382,369	3,382,369
Class B		
Authorized and issued 350,000 shares of U.S. \$1 par value each - - - - -	375,818	375,818
Common		
Authorized — 500,000 shares without par value		
Issued — 400,000 shares - - - - -	775,988	775,988
	4,534,175	4,534,175
RETAINED EARNINGS (statement 2) - - - - -	1,469,081	1,402,198
	6,003,256	5,936,373
	<u>\$9,139,967</u>	<u>\$8,502,376</u>

(see accompanying notes to financial statements)

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
WINDSOR RACEWAY HOLDINGS LIMITED:

We have examined the balance sheet of Windsor Raceway Holdings Limited as at December 31, 1972 and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Windsor, Ontario
January 24, 1973.
(except as to note 1 which is
as of February 20, 1973)

CLARKSON, GORDON & CO.

Chartered Accountants

WINDSOR RACEWAY HOLDINGS LIMITED

STATEMENT OF INCOME

Year ended December 31, 1972

(with comparative figures for the year ended December 31, 1971)

	1972	1971
REVENUE		
Pari-mutuel commissions	\$6,322,534	\$5,030,857
Admissions, parking, programs and concessions	2,980,758	2,361,258
	<u>9,303,292</u>	<u>7,392,115</u>
EXPENSES		
Purses	2,679,579	2,085,902
Salaries and wages	2,363,306	1,832,128
Other operating expenses	2,310,860	1,814,383
General and administrative	493,351	348,700
Depreciation	479,123	440,030
Amortization of deferred expenditures	36,248	40,133
	<u>8,362,467</u>	<u>6,561,276</u>
OPERATING INCOME BEFORE FOREIGN EXCHANGE	940,825	830,839
FOREIGN EXCHANGE INCOME (EXPENSE)	(48,189)	50,884
OPERATING INCOME	892,636	881,723
INTEREST AND OTHER INCOME	60,132	111,347
NET INCOME BEFORE LOSS ON THOROUGHBRED MEET AND INCOME TAXES	952,768	993,070
INCOME TAXES	460,000	487,000
NET INCOME BEFORE LOSS ON THOROUGHBRED MEET	492,768	506,070
LOSS ON THOROUGHBRED MEET		651,074
LESS RESULTANT INCOME TAX REDUCTION		332,000
		<u>319,074</u>
NET INCOME FOR YEAR	<u>\$ 492,768</u>	<u>\$ 186,996</u>
EARNINGS (LOSS) PER SHARE		
Class A	\$.86	\$.59
Class B	\$.26	(\$.02)
Common	\$.26	(\$.02)

(see accompanying notes to financial statements)

STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1972

(with comparative figures for the year ended December 31, 1971)

	1972	1971
Retained earnings, beginning of year	\$1,402,198	\$1,427,827
Net income for year	492,768	186,996
	<u>1,894,966</u>	<u>1,614,823</u>
Dividends declared		
Class A shares — U.S. \$.80 per share (U.S. \$.60 in 1971)	277,573	212,625
Class B shares — U.S. \$.20 per share	69,212	
Common shares — U.S. \$.20 per share	79,100	
	<u>425,885</u>	<u>212,625</u>
Retained earnings, end of year	<u>\$1,469,081</u>	<u>\$1,402,198</u>

(see accompanying notes to financial statements)

WINDSOR RACEWAY HOLDINGS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1972

(with comparative figures for the year ended December 31, 1971)

	<u>1972</u>	<u>1971</u>
SOURCE OF FUNDS		
Operations		
Net income for year - - - - -	\$ 492,768	\$ 186,996
Add (deduct) items not involving a current outlay of funds		
Depreciation - - - - -	479,123	525,740
Amortization - - - - -	36,248	40,133
Deferred income taxes - - - - -	(127,000)	(145,000)
	881,139	607,869
Sale of right of way	6,428	
	<u>887,567</u>	<u>607,869</u>
 APPLICATION OF FUNDS		
Increase in investment in subsidiary companies - - - - -	299	1,719
Fixed asset additions (net) - - - - -	222,481	832,361
Dividends - - - - -	425,885	212,625
	<u>648,665</u>	<u>1,046,705</u>
 INCREASE (DECREASE) IN WORKING CAPITAL - - - - -	 <u><u>\$ 238,902</u></u>	 <u><u>(\$ 438,836)</u></u>

(see accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1972

1. INCOME TAXES RECOVERABLE

The company has paid amounts re-assessed for income taxes and interest for the fiscal years 1966 to 1970 inclusive in the amount of \$375,315. The assessments arose from a difference of opinion between the company and the Minister of National Revenue as to the classification of assets for capital cost allowance purposes. On February 20th, 1973, the Tax Review Board allowed the company's appeal against these re-assessments and this amount will be refunded. The Minister of National Revenue has one hundred twenty (120) days from the date of this decision to appeal to a higher court. If the Minister does appeal this decision and is successful, the amount of income tax paid will be applied against "Deferred Income Tax," as the liability has already been reflected in the accounts and the only matter in dispute is whether the taxes are payable currently or in future years.

2. SUBSIDIARY COMPANIES

The company owns from 55% to 100% of the issued and outstanding shares of capital stock of its subsidiary companies which are entitled by law to conduct harness race meetings at which betting or wagering is permitted. Inasmuch as diligent enquiry and search have failed to locate substantially all of the remaining outstanding shares of these subsidiary companies, the company's management is of the opinion that the company's holdings represent complete or substantially complete control of each company.

Consolidated financial statements have not been prepared as the known assets and liabilities of the subsidiary companies are not material in relation to those of the company and the operations of the subsidiary companies are limited in scope. If consolidated financial statements had been prepared, all or substantially all of the amount of \$154,591 appearing in the balance sheet as shares in subsidiary companies would be reflected in the consolidated balance sheet as excess of cost of shares in subsidiary companies over equity in underlying assets or as cost of racing charters.

The company's proportion of the aggregate profits of the subsidiary companies for the year ended December 31, 1972, and the company's proportion of the aggregate undistributed profits earned since acquisition of control are not material in amount and have not been taken into the company's accounts.

3. DEFERRED EXPENDITURES

The unamortized deferred expenditures consist of the following:

	1972	1971
Pre-operating costs	\$ 65,237	\$ 89,830
Cost of arranging mortgage loans		11,655
	<u>\$ 65,237</u>	<u>\$101,485</u>

The company is amortizing the pre-operating costs over a period of ten years.

4. PROVISIONS RELATING TO CAPITAL STOCK

Class A shares

The Class A shares are entitled to a cumulative, preferential cash dividend of U.S. 60¢ per share per year payable quarterly, and to participate equally, share for share, with the Class B and common shares in any other dividends declared during any fiscal year until all of the Class B shares have been redeemed. After all of the Class B shares have been redeemed, the Class A shares are entitled to a cumulative, preferential cash dividend of U.S. 60¢ per share per year, payable quarterly, and, after payment of a non-cumulative dividend of U.S. 20¢ per share to the holders of common shares, to participate equally, share for share, with the common shares in any other dividends that may be declared during the year.

Class B shares

The company may redeem all of the Class B shares at U.S. \$1 per share at any time after dividends aggregating U.S. \$3,150,000 shall have been paid on the Class A and Class B shares. (Dividends aggregating U.S. \$2,380,000 have been paid - U.S. \$2,030,000 on the Class A shares and U.S. \$350,000 on the Class B shares).

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers (as defined in The Business Corporations Act) for the year ended December 31, 1972 amounted to \$125,632 (1971 - \$142,728).

6. CONVERSION OF FOREIGN CURRENCY

Current assets and liabilities in U.S. dollars have been converted to Canadian dollars at the approximate rate of exchange at December 31, 1972. Exchange on transactions during the year is recorded at the rate prevailing on the date of conversion.



Windsor Raceway Holdings Limited

Subsidiary Companies

ABERDEEN TROTTING AND PACING LIMITED • THE ALMONTE DRIVING PARK ASSOCIATION LIMITED
 • THE AMHERSTBURG DRIVING PARK ASSOCIATION LIMITED • THE CLINTON DRIVING PARK
 ASSOCIATION LIMITED • COLUMBIA COUNTRY CLUB, LIMITED • THE DESERONTO DRIVING PARK
 ASSOCIATION LIMITED • GEORGIAN TURF CLUB LIMITED • THE PICTON DRIVING PARK ASSOCIATION
 LIMITED • THE PRESTON DRIVING PARK ASSOCIATION LIMITED • SOUTHERN COUNTY HUNT CLUB
 LIMITED • THE STRATFORD ATHLETIC COMPANY LIMITED • UNDERMOUNT TROTTING CLUB LIMITED
 THE VANCOUVER JOCKEY CLUB, LIMITED LIABILITY